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INFO WHA CENTRAL AMERICAN COLLECTIVE

UNCLAS SAN JOSE 000210

SENSITIVE  
SIPDIS

DEPT FOR WHA/EPSC FDOWDY AND FACORNEILLE, EEB/ESC/IEC/EPC MMCANUS AND JDUGGAN, WHA/CEN JVANTRUMP

E.O. 12958: N/A

TAGS: [ECON](#) [ENRG](#) [ECIN](#) [PREL](#) [PGOV](#) [CS](#) [SENV](#)

SUBJECT: SIEPAC: December 2011 Is Earliest Completion Date for Costa Rican Portion

REF: 2009 SAN JOSE 747

11. SUMMARY (U) Network Business Owner (EPR), the transmission line owner of the Electricity Interconnection System for Central America (SIEPAC), estimates completion of the last segment of the Costa Rican portion in December 2011. The schedule is contingent upon resolving acquisition problems in a Central Pacific segment of the SIEPAC right-of-way. An advocacy group consisting of AmCit and Canadian investors and local townsfolk are resisting acquisition attempts due to anticipated hydrological and rain forest damages that transmission line construction would cause. The group filed suit and the case is now in the turgid Costa Rican court system. We anticipate that the completion deadline will slip into early 12012. End summary.

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STAGGERED SCHEDULE FOR SEGMENT COMPLETION  
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12. (SBU) CEO Pedro Pablo Quiros of Costa Rica's government-owned electricity company (ICE) shared with us on January 13 the timetable for Costa Rica's completion of its segment. The Costa Rican 493 km portion of SIEPAC consists of five segments, all with differing completion dates:

Segments (North to South)

Completion Date

Nicaragua border - Ca????as

May 2010

Ca????as - Parrita

July 2010

Parrita - Palmar Norte

December 2011

Palmar Norte - R????o Claro

November 2010

R????o Claro Costa Rica - Panam???? border

February 2010

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DIFFICULT ACQUISITION HURDLE  
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13. (SBU) The third segment, Parrita to Palmar Norte (the "Central Pacific" region of Costa Rica), will take the longest to construct due to the right-of-way acquisition process. ICE has responsibility for acquiring the needed property and/ or easements. The problematic section of the third segment is a 27 km stretch in the vicinity of Portal????n and Matapalo. ICE projects completing the right-of-way acquisition by May 2010; however, anticipated delays caused by a court injunction due to appeals of precautionary rulings regarding a route change could push the completion date for right-of-way acquisition to late 2010 (reftel).

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AMCITS ARGUE FOR INVESTMENT PROTECTION  
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14. (U) A U.S. investor has led an active advocacy campaign to re-route the SIEPAC transmission line in the Portal????n - Matapalo area. In order to block ICE from establishing an easement through his land, he compiled environmental reports and supporters for re-routing the SIEPAC line. The advocacy campaign maintains that the current route will negatively impact water resources, intrude into a primary tropical rain forest, and disrupt a fragile ecosystem. Supporters of his position include the Ministry of Environment, Energy, and Telecommunications and the National System of Conservation Areas (SINAC).

15. (U) The most recent court action consisted of a ruling rejecting the re-routing of the SIEPAC line but attached development conditions on the construction of the transmission line. The judge stipulated that ICE must narrow the transmission line easement from 30 meters to 15 meters, camouflage the transmission towers, and construct the line by hand; no tractors or heavy equipment are permitted. The length of the easement is 2.5 kilometers. The landowner appealed the decision. On a parallel track, a Canadian investor affected by the SIEPAC route plans to meet with Inter American Development Bank loan officers and explain how ICE's actions violate the terms of the SIEPAC loan financing, which included avoiding tropical rain forest and sensitive watersheds.

16. (U) The U.S. landowner makes the point that there are several other American landowners affected by the SIEPAC route, but they have not been as vocal since they lack the resources to process a legal case. The landowner firmly believes that ICE is waging a war of attrition with him (and local area residents) and alleges improprieties conducted by ICE.

17. (U) Given the highly contentious nature of the case and the turgid nature of the Costa Rican legal system, we would expect the final date of completion of the SIEPAC line through Costa Rica to slip into 2012.  
ANDREW